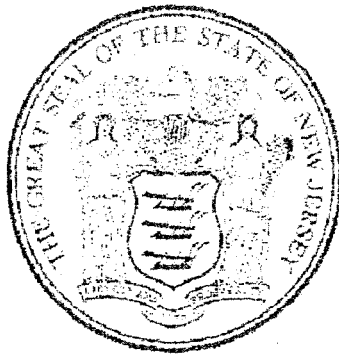


QUARTERLY REPORT

LICENSEE RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

FOR THE QUARTER ENDED DECEMBER 31, 2005

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



BALANCE SHEETS

AS OF DECEMBER 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 2005 (c) | 2004 (d) |
|-------------|---|-------------|-------------|
| | ASSETS | | |
| | Current Assets: | | |
| 1 | Cash and Cash Equivalents..... | \$ 13,875 | \$ - |
| 2 | Marketable securities (Short Tm. money market at cost)..... | - | - |
| 3 | Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2005, \$1,997; 2004, \$-)..... Note 3..... | 32,307 | - |
| 4 | Inventories..... | 1,848 | - |
| 5 | Prepaid Expenses and Other Current Assets..... | 2,545 | - |
| 6 | Total Current Assets..... | 50,575 | - |
| 7 | Investments, Advances, and Receivables..... Note 4..... | 10,800 | - |
| 8 | Property and Equipment - Gross..... Note 5..... | 393,866 | - |
| 9 | Less: Accumulated Depreciation and Amortization..... Note 5..... | (11,534) | - |
| 10 | Property & Equipment - Net..... Note 5..... | 382,332 | - |
| 11 | Other Assets..... Note 6..... | 85,167 | - |
| 12 | Total Assets..... | \$ 528,874 | \$ - |
| | LIABILITIES AND EQUITY | | |
| | Current Liabilities: | | |
| 13 | Accounts Payable..... | \$ 9,296 | \$ - |
| 14 | Notes Payable..... | - | - |
| | Current Portion of Long-Term Debt: | | |
| 15 | Due to Affiliates..... | - | - |
| 16 | Other..... | - | - |
| 17 | Income Taxes Payable and Accrued..... | - | - |
| 18 | Other Accrued Expenses..... Note 7..... | 17,038 | - |
| 19 | Other Current Liabilities..... Note 8..... | 3,522 | - |
| 20 | Total Current Liabilities..... | 29,856 | - |
| | Long-Term Debt: | | |
| 21 | Due to Affiliates..... | - | - |
| 22 | Other..... | - | - |
| 23 | Deferred Credits..... | - | - |
| 24 | Other Liabilities..... | - | - |
| 25 | Commitments and Contingencies..... Note 11..... | - | - |
| 26 | Total Liabilities..... | 29,856 | - |
| 27 | Stockholders, Partners', or Proprietor's Equity..... | 499,018 | - |
| 28 | Total Liabilities and Stockholders' Equity..... | \$ 528,874 | \$ - |

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 2005* (c) | 2004 (c) |
|-------------|--|--------------|-------------|
| | Revenue: | | |
| 1 | Casino..... | \$ 204,665 | \$ - |
| 2 | Rooms..... | 16,762 | - |
| 3 | Food and Beverage..... | 29,647 | - |
| 4 | Other..... | 6,336 | - |
| 5 | Total Revenue..... | 257,410 | - |
| 6 | Less: Promotional Allowances..... | 69,169 | - |
| 7 | Net Revenue..... | 188,241 | - |
| | Costs and Expenses: | | |
| 8 | Cost of Goods and Services..... | 130,696 | - |
| 9 | Selling, General, and Administrative..... | 31,036 | - |
| 10 | Provision for Doubtful Accounts..... | 756 | - |
| 11 | Total Costs and Expenses..... | 162,488 | - |
| 12 | Gross Operating Profit..... | 25,753 | - |
| 13 | Depreciation and Amortization..... | 11,681 | - |
| | Charges from Affiliates Other than Interest: | | |
| 14 | Management Fees..... | - | - |
| 15 | Other..... | - | - |
| 16 | Income (Loss) from Operations..... | 14,072 | - |
| | Other Income (Expenses): | | |
| 17 | Interest (Expense) - Affiliates..... | - | - |
| 18 | Interest (Expense) - External..... | - | - |
| | Investment Alternative Tax and Related Expense, | | |
| 19 | Net of Amortization of \$0 and \$0 Respectively..... | (1,546) | - |
| 20 | Nonoperating Income (Expense) - net..... Note 10..... | 281 | - |
| 21 | Total Other Income (Expenses)..... | (1,265) | - |
| 22 | Income (Loss) Before Income Taxes and Extraordinary Items..... | 12,807 | - |
| 23 | Provision (Credit) for Income Taxes..... Note 9..... | 1,689 | - |
| 24 | Income (Loss) Before Extraordinary Items..... | 11,118 | - |
| 25 | Extraordinary Items (net of income tax benefit)..... | - | - |
| 26 | Net Income (Loss)..... | \$ 11,118 | \$ - |

* Represents operations from 4/26/05 to 12/31/05

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 2005 (c) | 2004 (c) |
|-------------|---|-------------|-------------|
| | Revenue: | | |
| 1 | Casino..... | \$ 67,570 | \$ - |
| 2 | Rooms..... | 5,367 | - |
| 3 | Food and Beverage..... | 10,076 | - |
| 4 | Other..... | 2,841 | - |
| 5 | Total Revenue..... | 85,854 | - |
| 6 | Less: Promotional Allowances..... | 25,125 | - |
| 7 | Net Revenue..... | 60,729 | - |
| | Costs and Expenses: | | |
| 8 | Cost of Goods and Services..... | 48,033 | - |
| 9 | Selling, General, and Administrative..... | 12,571 | - |
| 10 | Provision for Doubtful Accounts..... | 736 | - |
| 11 | Total Costs and Expenses..... | 61,340 | - |
| 12 | Gross Operating Profit..... | (611) | - |
| 13 | Depreciation and Amortization..... | 4,520 | - |
| | Charges from Affiliates Other than Interest: | | |
| 14 | Management Fees..... | - | - |
| 15 | Other..... | - | - |
| 16 | Income (Loss) from Operations..... | (5,131) | - |
| | Other Income (Expenses): | | |
| 17 | Interest (Expense) - Affiliates..... | - | - |
| 18 | Interest (Expense) - External..... | - | - |
| | Investment Alternative Tax and Related Expense, Net of Amortization of \$0 and \$0 Respectively..... | (544) | - |
| 20 | Nonoperating Income (Expense) - net..... Note 10..... | 26 | - |
| 21 | Total Other Income (Expenses)..... | (518) | - |
| 22 | Income (Loss) Before Income Taxes and Extraordinary Items..... | (5,649) | - |
| 23 | Provision (Credit) for Income Taxes..... | 1,296 | - |
| 24 | Income (Loss) Before Extraordinary Items..... | (6,945) | - |
| 25 | Extraordinary Items (net of income tax benefit)..... | - | - |
| 26 | Net Income (Loss)..... | \$ (6,945) | \$ - |

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2005

(UNAUDITED)
(\$ IN THOUSANDS)

| Line (a) | Description (b) | Contributed Capital (c) | Accumulated Earnings (Deficit) (d) | (e) | Total Equity (Deficit) (f) |
|-------------|---------------------------------|-------------------------------|---|------|-------------------------------------|
| 1 | Balance, December 31, 2003..... | \$ - | \$ - | \$ - | \$ - |
| 2 | Net Income (Loss) - 2004..... | | | | - |
| 3 | Capital Contributions..... | | | | - |
| 4 | Capital Withdrawals..... | | | | - |
| 5 | Partnership Distributions..... | | | | - |
| 6 | Prior Period Adjustments..... | | | | - |
| 7 | | | | | - |
| 8 | | | | | - |
| 9 | | | | | - |
| 10 | Balance, December 31, 2004..... | - | - | - | - |
| 11 | Net Income (Loss) - 2005..... | | 11,118 | | 11,118 |
| 12 | Capital Contributions..... | 487,900 | | | 487,900 |
| 13 | Capital Withdrawals..... | | | | - |
| 14 | Partnership Distributions..... | | | | - |
| 15 | Prior Period Adjustments..... | | | | - |
| 16 | | | | | - |
| 17 | | | | | - |
| 18 | | | | | - |
| 19 | Balance, December 31, 2005..... | \$ 487,900 | \$ 11,118 | \$ - | \$ 499,018 |

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 2005 (c) | 2004 (d) |
|-------------|--|-------------|-------------|
| 1 | Net Cash Provided (Used) by Operating Activities..... | \$ 33,474 | \$ - |
| | Cash Flows From Investing Activities: | | |
| 2 | Purchase of Short-Term Investment Securities..... | - | - |
| 3 | Proceeds from the Sale of Short-Term Investment Securities..... | - | - |
| 4 | Cash Outflows for Property and Equipment..... | (9,786) | - |
| 5 | Proceeds from Disposition of Property and Equipment..... | 96 | - |
| 6 | Purchase of Casino Reinvestment Obligations..... | (1,743) | - |
| 7 | Purchase of Other Investments and Loans/Advances made..... | - | - |
| 8 | Proceeds from Disposal of Investments and Collection of Advances and Long-Term receivables..... | - | - |
| 9 | Cash Outflows to Acquire Business Entities..... | 16,345 | - |
| 10 | CRDA Reimbursement..... | - | - |
| 11 | | - | - |
| 12 | Net Cash Provided (Used) By Investing Activities..... | 4,912 | - |
| | Cash Flows From Financing Activities: | | |
| 13 | Cash Proceeds from Issuance of Short-Term Debt..... | - | - |
| 14 | Payments to Settle Short-Term Debt..... | - | - |
| 15 | Cash Proceeds from Issuance of Long-Term Debt..... | - | - |
| 16 | Costs of Issuing Debt..... | - | - |
| 17 | Payments to Settle Long-Term Debt..... | - | - |
| 18 | Cash Proceeds from Issuing Stock or Capital Contributions..... | 854 | - |
| 19 | Purchases of Treasury Stock..... | - | - |
| 20 | Payments of Dividends or Capital Withdrawals..... | - | - |
| 21 | Other Financing Activities..... | - | - |
| 22 | Advances from (Repayment to) Parent Company and Affiliates..... | (25,365) | - |
| 23 | Net Cash Provided (Used) By Financing Activities..... | (24,511) | - |
| 24 | Net Increase (Decrease) in Cash and Cash Equivalents..... | 13,875 | - |
| 25 | Cash and Cash Equivalents at Beginning of Period..... | - | - |
| 26 | Cash and Cash Equivalents at End of Period..... | \$ 13,875 | \$ - |

| | | | |
|----|---|----------|------|
| | Cash Paid During Period For: | | |
| 27 | Interest (Net of Amount Capitalized)..... | \$ - | \$ - |
| 28 | Income Taxes (Net of amounts refunded)..... | \$ 1,615 | \$ - |

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 2005 (c) | 2004 (c) |
|-------------|--|------------------|-------------|
| | Net Cash Flows From Operating Activities: | | |
| 29 | Net Income..... | \$ 11,118 | \$ - |
| | Noncash Items Included in Income and Cash Items | | |
| | Excluded from Income: | | |
| 30 | Depreciation and Amortization of Property and Equipment..... | 11,534 | - |
| 31 | Amortization of Other Assets..... | 147 | - |
| 32 | Amortization of Debt Discount or Premium..... | - | - |
| 33 | Deferred Income Taxes - Current..... | - | - |
| 34 | Deferred Income Taxes - Noncurrent..... | - | - |
| 35 | (Gain) Loss on Disposition of Property and Equipment..... | (96) | - |
| 36 | (Gain) Loss on Casino Reinvestment Obligations..... | 1,546 | - |
| 37 | (Gain) Loss from Other Investment Activities..... | - | - |
| | Net (Increase) Decrease in Receivables and Patrons' | | |
| 38 | Checks | (7,658) | - |
| 39 | Net (Increase) Decrease in Inventories..... | (803) | - |
| 40 | Net Decrease (Increase) in Other Current Assets..... | (1,377) | - |
| 41 | Net Decrease (Increase) in Other Assets..... | (195) | - |
| 42 | Net Increase (Decrease) in Accounts Payable..... | 7,490 | - |
| | Net (Decrease) Increase in Other Current Liabilities | | |
| 43 | Excluding Debt..... | 11,768 | - |
| | Net Increase (Decrease) in Other Noncurrent Liabilities | | |
| 44 | Excluding Debt..... | - | - |
| 45 | Loss on extinguishment of debt..... | - | - |
| 46 | | | |
| 47 | Net Cash Provided (Used) By Operating Activities..... | \$ 33,474 | \$ - |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|---|--------------------|-------------|
| 48 | Acquisition of Property and Equipment: | | |
| | Additions to Property and Equipment..... | \$ (9,786) | \$ - |
| 49 | Less: Capital Lease Obligations incurred..... | - | - |
| 50 | Cash Outflows for Property and Equipment..... | \$ (9,786) | \$ - |
| | Acquisition of Business Entities: | | |
| 51 | Property and Equipment Acquired..... | \$ 379,261 | \$ - |
| 52 | Goodwill Acquired..... | 82,883 | - |
| | Net Assets Acquired Other than Cash, Goodwill, and | | |
| 53 | Property and Equipment..... | 8,557 | - |
| 54 | Long-Term Debt Assumed..... | - | - |
| 55 | Issuance of Stock or Capital Invested..... | (487,046) | - |
| 56 | Cash Outflows to Acquire Business Entities..... | \$ (16,345) | \$ - |
| | Stock Issued or Capital Contributions: | | |
| 57 | Total Issuances of Stock or Capital Contributions..... | \$ 854 | \$ - |
| 58 | Less: Issuances to Settle Long-Term Debt..... | - | - |
| 59 | Consideration in Acquisition of Business Entities..... | - | - |
| 60 | Cash Proceeds from Issuing Stock or Capital Contributions..... | \$ 854 | \$ - |

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

| Line (a) | (b) | Promotional Allowances | | Promotional Expenses | |
|-------------|----------------------------|--------------------------------|--|--------------------------------|--|
| | | Number of Recipients (c) | Dollar Amount (in thousands) (d) | Number of Recipients (e) | Dollar Amount (in thousands) (f) |
| 1 | Rooms | 291,476 | \$ 12,364 | 110 | \$ 12 |
| 2 | Food | 845,158 | 15,756 | - | - |
| 3 | Beverage | 2,403,796 | 6,250 | - | - |
| 4 | Travel | - | - | 72,648 | 2,035 |
| 5 | Bus Program Cash | 500,898 | 9,231 | - | - |
| 6 | Other Cash Complimentaries | 477,665 | 22,821 | - | - |
| 7 | Entertainment | 97,611 | 2,440 | 3,790 | 474 |
| 8 | Retail & Non-Cash Gifts | 725 | 7 | 47,044 | 2,040 |
| 9 | Parking | - | - | - | - |
| 10 | Other | 17,001 | 300 | 69,108 | 2,755 |
| 11 | Total | 4,634,330 | \$ 69,169 | 192,700 | \$ 7,316 |

FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

| Line (a) | (b) | Promotional Allowances | | Promotional Expenses | |
|-------------|----------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
| | | Number of Recipients (c) | Dollar Amount (d) | Number of Recipients (e) | Dollar Amount (f) |
| 1 | Rooms | 102,233 | \$ 4,242 | 110 | \$ 12 |
| 2 | Food | 286,088 | 5,439 | - | - |
| 3 | Beverage | 889,548 | 2,313 | - | - |
| 4 | Travel | - | - | 28,627 | 983 |
| 5 | Bus Program Cash | 162,128 | 3,088 | - | - |
| 6 | Other Cash Complimentaries | 159,452 | 8,371 | - | - |
| 7 | Entertainment | 62,540 | 1,563 | 1,040 | 130 |
| 8 | Retail & Non-Cash Gifts | 725 | 7 | 16,170 | 648 |
| 9 | Parking | - | - | - | - |
| 10 | Other | 6,782 | 102 | 32,614 | 1,258 |
| 11 | Total | 1,669,496 | \$ 25,125 | 78,561 | \$ 3,031 |

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation and Consolidation

RIH Acquisitions NJ, LLC, a New Jersey limited liability company (the "Company"), owns and operates the Atlantic City Hilton ("ACH"), a casino/hotel located in Atlantic City, NJ. The Company is a wholly owned subsidiary of Resorts International Holdings, LLC, a Delaware limited liability company ("RIH").

On April 26, 2005, RIH acquired most of the assets and assumed certain liabilities of four casino properties, including the ACH, from Caesars Entertainment Inc. and Harrah's Entertainment Inc. (the "Acquisition"). The debt incurred to finance the Acquisition is carried on the balance sheet of RIH. The assets acquired and liabilities assumed of the Atlantic City Hilton as a result of the Acquisition were recorded, via a capital contribution, on the balance sheet of the Company. The Acquisition has been accounted for using the purchase method of accounting, and accordingly, the aggregate purchase price, including transaction fees and expenses, has been allocated based on the fair value of the assets acquired and the liabilities assumed.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Allowances for doubtful accounts arising from casino, hotel and other services, are based upon a specific review of certain outstanding receivables. In determining the amounts of the allowances, certain estimates and assumptions are made, and actual results may differ from those assumptions.

Cash Equivalents

Short-term money market securities purchased with original maturities of three months or less are considered to be cash equivalents. These securities are classified as available-for-sale, which are carried at fair value with unrealized gains and losses, net of tax, reported in other comprehensive income. The carrying value of cash equivalents approximates fair value due to the short-term maturity of these instruments.

Inventories

Inventories of provisions, supplies and spare parts are valued at the lower of cost (first-in, first-out) or market.

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives reported below using the straight-line method.

| | |
|----------------------------------|---------------|
| Hotels and other buildings | 35 – 40 years |
| Furniture fixtures and equipment | 2 – 5 years |

2. Summary of Significant Accounting Policies (continued)

The provisions of SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144") requires, among other things, that an entity review its long-lived assets and certain intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. SFAS No. 144 requires an impairment loss to be recognized only if the carrying amounts of long-lived assets to be held and used are not recoverable from their expected undiscounted future cash flows.

Income Taxes

The Company has elected to be treated as a partnership for federal income tax purposes: therefore, no provision or benefit for federal income taxes for the period April 26, 2005 through December 31, 2005 has been recorded. New Jersey state income taxes have been calculated under an alternative minimum assessment of a percentage of gross revenues.

On June 30, 2003, the State of New Jersey amended the New Jersey Casino Control Act, effective July 1, 2003, to impose or increase certain taxes and fees, including a tax at the rate of 7.5% on the adjusted net income of casino licensees in calendar year 2002, payable in the state's fiscal years 2004 through 2006. The amount of this tax for each licensee is limited to a maximum of \$10.0 million annually and a minimum of \$350,000 annually.

Revenue Recognition

Gaming revenue is recorded as the net win from gaming activities, which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services and from theater ticket sales are recognized at the time the related service is performed.

Promotional Allowances

The retail value of hotel accommodations, food, beverage and other services provided to customers without charge is included in gross revenues and deducted as promotional allowances. The estimated departmental costs of providing such promotional allowances are included in gaming costs and expenses as follows (in thousands):

| | Period from April 26, 2005 to December 31, 2005 |
|-------------------------------|--|
| Lodging | \$ 8,582 |
| Food and beverage..... | 19,674 |
| Entertainment and other | 10,862 |
| | <u>\$ 39,118</u> |

Cash discounts based upon a negotiated amount with each customer are recognized as a promotional allowance on the date the related revenues are recorded. Cash-back awards given to a customer based upon earning points for future awards are accrued as the customer earns the points. The amount is recorded as a promotional allowance in the statement of operations. When estimating the amount of the accrual, the company calculates a redemption rate based on historical redemption rates.

The Company offers other incentive programs. These are gifts and other promotional items, the type and distribution of which is determined by management. Since these awards are not cash awards, the Company records them as gaming expenses in the statement of operations. Such amounts are expensed on the date the award can be utilized by the customer.

2. Summary of Significant Accounting Policies (continued)

Advertising

The Company expenses direct-response advertising at the time of the event. Costs associated with mailings for future promotions are included in Prepaid expenses on the Company's Balance Sheet.

The Company expenses all other advertising costs as incurred. These costs are included in Selling, General and Administrative costs on the Company's Statements of Operations.

Pre-Opening Expenses

For the period ended December 31, 2005, the Company recorded \$291,000 of pre-opening expenses related to the transition of ownership of the property.

3. Receivables

Components of receivables were as follows at December 31 (in thousands):

| | 2005 |
|---|-----------|
| Gaming | \$ 10,416 |
| Less: allowance for doubtful accounts | (1,965) |
| | 8,451 |
| Non-gaming: | |
| Hotel and related | 1,344 |
| Due from affiliates, net | 20,546 |
| Other | 1,998 |
| | 23,888 |
| Less: allowance for doubtful accounts | (32) |
| | 23,856 |
| Receivables, net | \$ 32,307 |

The Company transfers cash in excess of its operating needs to RIH on a periodic basis. RIH provides the Company with cash advances for capital expenditures and working capital needs. In addition, certain executive, administrative and support operations of the Company and other affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing, financial, and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

4. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at December 31 (in thousands):

| | 2005 |
|---|-----------|
| CRDA bonds and direct investments | \$ 9,730 |
| CRDA deposits | 7,615 |
| Valuation allowance | (6,545) |
| | \$ 10,800 |

The New Jersey Casino Control Act, as amended, requires ACH to purchase bonds issued by the Casino Reinvestment Development Authority ("CRDA") or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

4. Investments, Advances and Receivables (continued)

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. ACH records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for the period from April 26, 2005 to December 31, 2005 for discounts on obligations arising in that period was \$862,000.

From time to time ACH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. At December 31, 2005, ACH owned \$9.7 million face value of bonds, issued by the CRDA and had \$6.7 million on deposit with the CRDA. The majority of the Company's deposits have been pledged for specific projects.

5. Property and Equipment

Components of property and equipment were as follows at December 31 (in thousands):

| | 2005 |
|---|-------------------|
| Land and land rights | \$ 84,600 |
| Hotels and other buildings | 250,075 |
| Furniture, fixtures and equipment | 46,283 |
| Construction in progress | 12,908 |
| | <u>393,866</u> |
| Less: accumulated depreciation | (11,534) |
| Net property and equipment | <u>\$ 382,332</u> |

6. Other Assets

Components of deferred charges and other assets were as follows at December 31 (in thousands):

| | 2005 |
|---|------------------|
| Goodwill | \$ 82,883 |
| Definite-lived intangibles, net of accumulated amortization | 2,053 |
| Other | 231 |
| | <u>\$ 85,167</u> |

7. Other Accrued Expenses

Components of other accrued expenses were as follows at December 31 (in thousands):

| | 2005 |
|--|------------------|
| Payroll and related liabilities | \$ 8,407 |
| Liability for unredeemed customer incentives | 2,146 |
| Utilities | 1,035 |
| Other | 5,450 |
| | <u>\$ 17,038</u> |

8. Other Current Liabilities

Components of other current liabilities were as follows at December 31 (in thousands):

| | 2005 |
|---------------------------------|-----------------|
| Unredeemed chip liability | 1,959 |
| CRDA obligation..... | 851 |
| Other..... | 712 |
| | <u>\$ 3,522</u> |

9. Income Taxes

The Company has elected to be treated as a partnership for federal income tax purposes: therefore, no provision or benefit for federal income taxes for the period April 26, 2005 through December 31, 2005 has been recorded. New Jersey state income taxes have been calculated under an alternative minimum assessment of a percentage of gross revenues ("NJAMA"). For the period April 25, 2005 through December 31, 2005, the Company recorded expense of \$752,000 for the NJAMA.

On June 30, 2003, the State of New Jersey amended the New Jersey Casino Control Act, effective July 1, 2003, to impose or increase certain taxes and fees, including a tax at the rate of 7.5% on the adjusted net income of casino licensees in calendar year 2002, payable in the state's fiscal years 2004 through 2006. The amount of this tax for each licensee is limited to a maximum of \$10.0 million annually and a minimum of \$350,000 annually. For the period April 26, 2005 through December 31, 2005, the Company recorded a provision of \$937,000 for this tax.

10. Non-operating income (expense), net

Components of non-operating income (expense) were as follows for the three months ended December 31 (in thousands):

| | 2005 |
|--------------------------|--------------|
| Interest income | 152 |
| Pre-opening expense..... | (126) |
| | <u>\$ 26</u> |

Components of non-operating income (expense) were as follows for the period April 26 through December 31 (in thousands):

| | 2005 |
|------------------------------|---------------|
| Interest income | 476 |
| Pre-opening expense..... | (291) |
| Gain on sale of assets | 96 |
| | <u>\$ 281</u> |

11. Commitments and Contingencies

Litigation

ACH is a defendant in certain litigation. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material adverse effect on the financial position, results of operations, or liquidity of RIHC.

11. Commitments and Contingencies (continued)

Environmental

The Company's balance sheet includes a \$505,000 liability for the anticipated costs of repairing and replacing an underground oil storage tank. As all costs for this project are covered under the Company's property insurance, the balance sheet includes a corresponding amount in its receivables.

Commitments

The Company leases land, office space and certain equipment under non-cancelable operating lease arrangements. These leases expire in various years. Rent expense under these lease agreements for the period ended December 31, 2005 was approximately \$1.4 million. Future minimum lease payments under noncancelable operating leases consist of the following at December 31, 2005 (in thousands):

| | | |
|---------------------------|----|-------|
| 2006 | \$ | 1,790 |
| 2007 | | 153 |
| 2008 | | 51 |
| 2009 | | -- |
| 2010 and thereafter | | -- |

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during this year.


Signature

VP/CFO

Title

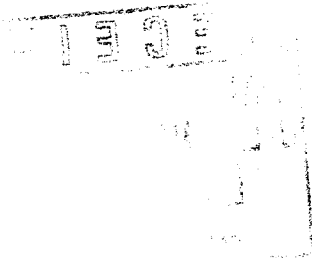
02461-11

License Number

On Behalf Of:

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

Casino Licensee

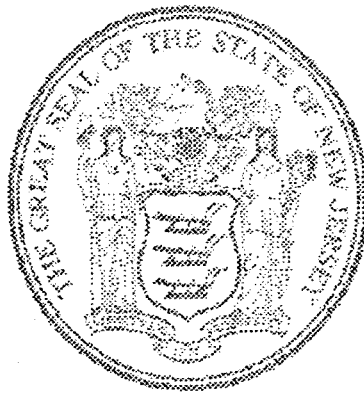


SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

LICENSEE RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

FOR THE YEAR ENDED DECEMBER 31, 2005

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2005

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

| LINE (a) | DESCRIPTION (b) | ACCOUNT BALANCE (c) | ALLOWANCE (d) | ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e) |
|-------------|--|------------------------|------------------|--|
| | Patrons' Checks: | | | |
| 1 | Undeposited Patrons' Checks..... | \$ 7,070 | | |
| 2 | Returned Patrons' Checks..... | 3,346 | | |
| 3 | Total Patrons' Checks..... | 10,416 | \$ 1,965 | \$ 8,451 |
| 4 | Hotel Receivables..... | 1,344 | 32 | 1,312 |
| | Other Receivables: | | | |
| 5 | Receivables Due from Officers and Employees..... | - | | |
| 6 | Receivables Due from Affiliates..... | 20,546 | | |
| 7 | Other Accounts and Notes Receivables..... | 1,998 | | |
| 8 | Total Other Receivables..... | 22,544 | - | 22,544 |
| 9 | Totals (Form CCC-205)..... | \$ 34,304 | \$ 1,997 | \$ 32,307 |

UNDEPOSITED PATRONS' CHECKS ACTIVITY

| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
|-------------|--|---------------|
| 10 | Beginning Balance (April 26)..... | \$ 5,426 |
| 11 | Counter Checks Issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits)..... | 134,527 |
| 12 | Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits)..... | (169,120) |
| 13 | Checks Collected Through Deposits..... | 40,116 |
| 14 | Checks Transferred to Returned Checks..... | (3,879) |
| 15 | Other Adjustments..... | - |
| 16 | Ending Balance..... | 7,070 |
| 17 | "Hold" Checks Included in Balance on Line 16..... | \$ - |
| 18 | Provision for Uncollectible Patrons' Checks..... | \$ 756 |
| 19 | Provision as a Percent of Counter Checks Issued..... | 0.6% |

Under penalties of perjury, I declare that I have examined this Schedule of Receivables and Patrons' Checks and to the best of my knowledge and belief, it is true and complete.

March 31, 2006
Date


Signature

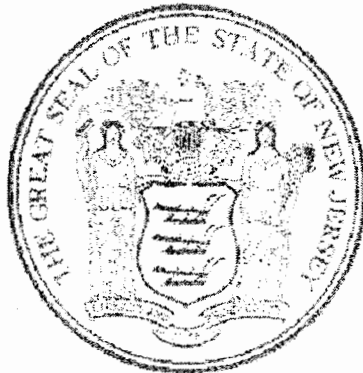
VP/CFO
Title Of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

FOR THE YEAR ENDED DECEMBER 31, 2005

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2005
(\$ in Thousands)

| LINE (a) | DEPARTMENT (b) | NUMBER OF EMPLOYEES AT DECEMBER 31, (c) | SALARIES AND WAGES | | |
|-------------|---|--|------------------------|--------------------------|---------------|
| | | | Other Employees (d) | Officers & Owners (e) | Totals (f) |
| 1 | CASINO | | | | |
| | Administration | - | | | |
| 2 | Gaming | 944 | | | |
| 3 | Slots | 158 | | | |
| 4 | Casino Accounting | 16 | | | |
| 5 | Simulcasting | - | | | |
| 6 | Other | 9 | | | |
| 7 | Total - Casino | 1,127 | \$ 20,838 | \$ 65 | \$ 20,903 |
| 8 | ROOMS | 380 | 6,351 | 86 | 6,437 |
| 9 | FOOD AND BEVERAGE | 826 | 9,993 | - | 9,993 |
| | OTHER OPERATED DEPARTMENTS | | | | |
| 10 | Gas Station | 4 | 50 | - | 50 |
| 11 | Pool/Beach Ops | 1 | 37 | - | 37 |
| 12 | Uniform Room | 25 | 511 | - | 511 |
| 13 | Health Club | 9 | 90 | - | 90 |
| 14 | Coat Check | 3 | 23 | - | 23 |
| 15 | Other | 27 | 178 | - | 2 |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| | ADMINISTRATIVE AND GENERAL | | | | |
| 20 | Executive office | 11 | 856 | 617 | 1,473 |
| 21 | Accounting and auditing | 16 | 632 | 109 | 741 |
| 22 | Security | 169 | 3,513 | - | 3,513 |
| 23 | Other administrative and general department | 17 | 1,537 | - | 1,537 |
| 24 | MARKETING | 141 | 3,937 | 248 | 4,185 |
| 25 | GUEST ENTERTAINMENT | 37 | 701 | 84 | 785 |
| 26 | PROPERTY OPERATION AND MAINTENANCE | 87 | 3,307 | - | 3,307 |
| 27 | TOTALS - ALL DEPARTMENTS | 2,880 | \$ 52,554 | \$ 1,209 | \$ 53,587 |

Under the penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 31, 2006
Date


Signature

VP/CFO
Title of Officer

CCC-376

TRADING NAME OF LICENSEE: ATLANTIC CITY HILTON (RIH ACQUISITIONS N.J., LLC)

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER, 2005

Line

CASINO WIN:

| | | | |
|-----|--|----|--------------|
| 1. | Table and Other Games Win..... | \$ | 58,759,605 |
| 2. | Slot Machines Win..... | | 148,827,292 |
| 3. | Total Win..... | | 207,586,897 |
| 4. | Recovery for Uncollectible Patrons' Checks..... | | |
| 5. | Gross Revenue (line 3 plus line 4)..... | | 207,586,897 |
| 6. | Tax on Gross Revenue - Reporting Year (8% of line 5)..... | | 16,606,952 |
| 7. | Audit or Other Adjustments to Tax on Gross Revenues in Prior Years | | |
| 8. | Total Taxes on Gross Revenue (the sum of lines 6 and 7)..... | | 16,606,952 |
| 9. | Total (Deposits) Made for Tax on Reporting Year's Gross Revenue..... | | (16,606,952) |
| | Settlement of Prior Years' Tax on Gross Revenue | | |
| 10. | Resulting from Audit or Other Adjustments - (Deposits) Credits | | |
| 11. | Gross Revenue Taxes Payable (the net of lines 8, 9 and 10) | \$ | (0) |

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

February 16, 2006

Date

 1231-1
Signature

Casino Controller

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

For The Six Months Ended June 30, 2005

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE SIX MONTHS ENDED JUNE 30, 2005

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

| LINE (a) | DESCRIPTION (b) | ACCOUNT BALANCE (c) | ALLOWANCE (d) | ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE |
|-------------|---|------------------------|------------------|--|
| | Patrons' Checks: | | | |
| 1 | Undeposited patrons' checks | \$ 0 | | |
| 2 | Returned patrons' checks | 0 | | |
| 3 | Total patrons' checks | 0 | \$ 0 | \$ 0 |
| 4 | Hotel Receivables | 799 | 27 | 772 |
| | Other Receivables: | | | |
| 5 | Receivables due from officers and emp | --- | | |
| 6 | Receivables due from affiliates | 346,265 | | |
| 7 | Other accounts and notes receivables .. | 0 | | |
| 8 | Total other receivables | 346,265 | --- | 346,265 |
| 9 | Totals (Form CCC 205) | \$ 347,064 | \$ 27 | \$ 347,037 |

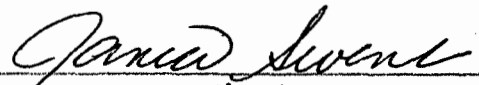
UNDEPOSITED PATRONS' CHECKS ACTIVITY

| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
|-------------|--|---------------|
| 10 | Beginning Balance (January 1) | \$ 6,369 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) | 44,285 |
| 12 | Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) | (29,803) |
| 13 | Checks collected through deposits | (13,626) |
| 14 | Checks transferred to returned checks | (1,973) |
| 15 | Other adjustments ... (Sale of AC Hilton) | (5,252) |
| 16 | Ending Balance | \$ 0 |
| 17 | "Hold" Checks Included In Balance On Line 16 | \$ 0 |
| 18 | Provision For Uncollectible Patrons' Checks | \$ 115 |
| 19 | Provision As A Percent Of Counter Checks Issued | 0.3% |

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

August 15, 2005

Date



Signature

Controller

Title of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

For The Six Months Ended June 30, 2005

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE 6 MONTHS ENDED JUNE 30, 2005
(\$ in thousands)

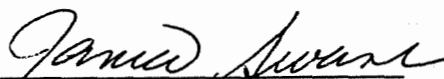
| LINE (a) | DEPARTMENT (b) | NUMBER OF (c) EMPLOYEES | SALARIES AND WAGES | | |
|-------------|---|----------------------------|---------------------|-----------------------|------------|
| | | | (d) OTHER EMPLOYEES | (e) OFFICERS & OWNERS | (f) TOTALS |
| | CASINO | | | | |
| 1 | Administration | 0 | | | |
| 2 | Gaming | 754 | | | |
| 3 | Slots | 121 | | | |
| 4 | Casino accounting | 200 | | | |
| 5 | Simulcasting | 0 | | | |
| 6 | Other | 0 | | | |
| 7 | Total-casino | 1,075 | \$ 9,831 | \$ 288 | \$ 10,119 |
| 8 | ROOMS | 271 | # 1,768 | 111 | 1,879 |
| 9 | FOOD AND BEVERAGE | 889 | 5,266 | | 5,266 |
| | OTHER OPERATED DEPARTMENTS | | | | |
| 10 | Gas Station | 4 | 21 | | 21 |
| 11 | Health Club / Pool Services | 11 | 38 | | 38 |
| 12 | Telephone room | 15 | 122 | | 122 |
| 13 | Retail stores | 16 | 151 | | 151 |
| 14 | Coat Check | 3 | 16 | | 16 |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| | ADMINISTRATIVE AND GENERAL | | | | |
| 20 | Executive office | 10 | 143 | 1,254 | 1,397 |
| 21 | Accounting and auditing | 37 | 334 | 131 | 465 |
| 22 | Security | 210 | 1,950 | | 1,950 |
| 23 | Other administrative and general department | 35 | 578 | | 578 |
| | | | | | 0 |
| 24 | MARKETING | 136 | 1,883 | 628 | 2,511 |
| | | | | | |
| 25 | GUEST ENTERTAINMENT | 18 | 475 | | 475 |
| | | | | | |
| 26 | PROPERTY OPERATION AND MAINTENANCE | 232 | 2,537 | | 2,537 |
| | | | | | |
| 27 | TOTALS - ALL DEPARTMENTS | 2,962 | \$ 25,113 | \$ 2,412 | 27,525 |

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE SIX MONTHS ENDED JUNE 30, 2005

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.


SignatureAugust 15, 2005
DateController
Title

TRADING NAME OF LICENSEE ATLANTIC CITY HILTON T/A GNOC.

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED APRIL 25, 2005

Line

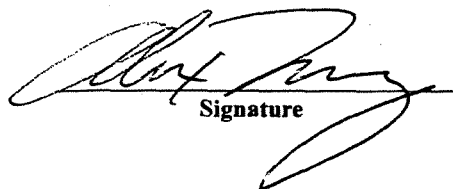
CASINO WIN:

| | | | |
|-----|--|----|-------------|
| 1. | Table and Other Games Win..... | \$ | 25,580,536 |
| 2. | Slot Machines Win..... | | 56,248,250 |
| 3. | Total Win..... | | 81,828,786 |
| 4. | Recovery for Uncollectible Patrons' Checks..... | | |
| 5. | Gross Revenue (line 3 plus line 4)..... | | 81,828,786 |
| 6. | Tax on Gross Revenue - Reporting Year (8% of line 5)..... | | 6,546,303 |
| 7. | Audit or Other Adjustments to Tax on Gross Revenues in Prior Years | | |
| 8. | Total Taxes on Gross Revenue (the sum of lines 6 and 7)..... | | 6,546,303 |
| 9. | Total (Deposits) Made for Tax on Reporting Year's Gross Revenue..... | | (6,546,303) |
| | Settlement of Prior Years' Tax on Gross Revenue | | |
| 10. | Resulting from Audit or Other Adjustments - (Deposits) Credits | | |
| 11. | Gross Revenue Taxes Payable (the net of lines 8, 9 and 10) | \$ | (0) |

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

August 11, 2005

Date



Signature

Vice President/C.F.O